

Mr. BYRD. Mr. President, I ask unanimous consent to proceed for an additional 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. My friend, who is presiding in the chair, the distinguished Senator from New Hampshire [Mr. SMITH], was interested in the remarks I made a few minutes earlier, and he asked me about Muzzey, whether or not he was the author of the book on American history. He was. He was the author. As I recall, the book was copyrighted, I believe, around 1927, 1928, 1929, or 1930.

I used to memorize the chapters in that history book at night by the light of a kerosene lamp. I told my fellow classmates in the early grades about Nathaniel Greene, Francis Marion the "Swamp Fox," Daniel Morgan, and about Nathan Hale.

I often carry on conversations with the young pages here. And as each new page group comes to the Senate, I generally ask them several questions. And I will stop to tell them stories. When I walk into that Cloakroom, they will gang up around me like a bunch of little birds with their mouths open wanting to be fed, and they ask, "Can you tell us a story today?"

Well, generally my first question of these new young pages is "Have you ever heard of Nathan Hale?" And normally they have never heard of Nathan Hale. I was pleased that this year—I believe there were as many as three in the group who had heard of Nathan Hale.

Mr. DODD. Would my friend and colleague yield?

Mr. BYRD. Of course. With great pleasure.

Mr. DODD. Mr. President, I walked on the floor here. Coincidentally, the distinguished former leader and senior Senator from West Virginia mentions Nathan Hale. I live in the town in the State of Connecticut where Nathan Hale taught in East Haddam, CT.

Coincidentally, in approximately 30 minutes the high school choral group from the Nathan Hale High School of East Haddam, CT, will be meeting with me on the steps of the Capitol here and later will be performing at the Kennedy Center.

I chose them as a choral group from my State. Each State gets to name a choral group. So it is serendipity that as I walked onto the floor, my wonderful friend of so many years mentions Nathan Hale.

In fact, I say to my colleague, I live in a renovated schoolhouse on the banks of the Connecticut River. It was the successor school to the one-room schoolhouse in which Nathan Hale taught in East Haddam, CT.

So I appreciate immensely my colleague's reference to a Connecticut son of whom we are deeply proud for his steadfastness, his loyalty, his patriotism, and his regret that he had but only one life to give to his country. I thank my colleague for referencing him.

Mr. BYRD. I thank my friend, Senator DODD. Plato thanked the gods for having been born a man, he thanked the gods for having been born a Greek, and he thanked the gods for having been born in the age of Sophocles.

Mr. President, I thank the benign hand of destiny for allowing me to live in an age in which the distinguished Senator from Connecticut, CHRISTOPHER DODD, is a Member of this body. I am glad that he chance to come by the floor just as I was talking about the patriot Nathan Hale.

Nathan Hale was a young schoolteacher, 21 years of age, and when George Washington called for a volunteer to go behind the British lines to draw pictures of the British fortifications, Nathan Hale volunteered to go on this dangerous mission. He disguised himself as a Dutch schoolmaster.

He went behind the British lines. He was successful in drawing pictures of the fortifications and accumulating information that would be of benefit to General George Washington. But upon the evening before Hale was to return, he was discovered carrying the documents, and was arrested. The next morning, he was brought up before the scaffold. His request for a Bible was denied.

There he stood in full view of the stark, wooden coffin in which his body was soon to be placed. The British officer, whose name was Cunningham, said, "Have you anything to say?"

Hale, whose hands were tied behind him, said, "I only regret that I have but one life to lose for my country."

The British commander said, "String the rebel up."

I do not find that great story in history books anymore. What I used to call history is, I think, probably today more aptly designated "social studies." There is nothing wrong with social studies, of course, but we also need history. Young people need heroes to emulate, and we used to have such heroes in American history.

Well, I just tell that story for the benefit of those who may be a little startled at my looking askance at so-called "political correctness." Take it away. Give me history. Give me Muzzey!

I thank the Chair.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Connecticut.

Mr. DODD. Mr. President, first of all, let me commend our colleague from West Virginia, not only because he made reference to our favorite son of East Haddam, CT, a schoolteacher. In fact, the distinguished senior Senator from West Virginia has, over the years, enjoyed my Christmas greetings card which, on numerous occasions, has the schoolhouse in East Haddam as the cover.

I appreciate his reference to Nathan Hale, of whom we are very proud in Connecticut and the Nation. I also appreciate, once again, his reminding the

Members of this body and the Nation at large of the importance of history and social studies and people who have sacrificed great things, who have given us the opportunity to enjoy this Nation today.

Too often, those stories are minimized or scorned or treated lightly. It is the lives of heroes, the lives of great individuals which have made the difference. Events do not happen without great individuals, and we do not pay enough attention to them.

MEDICARE

Mr. DODD. Mr. President, I want to take a few minutes today if I can, and talk about our upcoming proposal on Medicare, which is a subject of great interest, and ought to be, in the country. I think it is important to place into context this debate.

Regardless of where one stands on the specifics of these issues as they come out, it is important that we all understand that we are talking about the single largest transfer of wealth in the history of our country with this proposal, some \$270 billion that will have to be moved from the Medicare Program. We are talking simultaneously about a \$245 billion tax cut. There is nothing quite like this in the annals of this country's history.

I say that, not to in any way suggest that in and of itself one ought to oppose this, but rather to raise what I hope will be the interests of the American public as we engage in this discussion, because they are the ones who will be affected. Not the Members of this body because, frankly, most of us have health care programs and have income levels which will basically make us immune from the kind of potential tragedies and difficulties that most Americans will face if they lose a safety net of health care.

It is in their interest, and it is certainly a program that has been tremendously successful in assisting millions of people over the last 30 years to avoid the catastrophic problems associated with the predictable health problems that people face.

What disturbs me is the fact that we are going to have almost no hearings on this at all. In fact, only 1 day of hearings have been scheduled in the entire Congress on an issue that I think is certainly as important as any that this body will debate or discuss this year, only 1 day of hearings on the single largest transfer of wealth in the history of the United States.

Mr. President, the world looks on this body, and we often refer to it ourselves, as the greatest deliberative body in the world. Yet, I say with all due respect to those in the majority that to hold only 1 day of discussions on legislation that will affect today 37 million direct beneficiaries of Medicare, not to mention the families of these Medicare recipients and, frankly,

those who will move into the age categories that would allow them to receive some Medicare assistance, I find hard to justify, to put it mildly.

We are not talking about an Intelligence Committee issue here. We are not even talking about a defense issue in which the secrecy of our proceedings has legitimacy. But to come forward with an idea that only has 1 day of hearings and will affect many millions of people I find very, very disturbing.

I can only conclude, Mr. President, that some people are deeply worried that more people may find out about what we are likely to do. And so some think, do it fast, do it quickly, get it over with. Hopefully, they will not notice, and we can achieve the kind of results that some are seeking to adopt when it comes to this program.

Mr. President, this plan, as I mentioned at the outset of these remarks, will cut Medicare by \$270 billion. Let me quickly point out that that number is three times what the Health Care Finance Administration says is necessary to extend the solvency of Medicare until the year 2006—three times, Mr. President.

I am not sure that the Health Care Finance Administration is absolutely correct. They are saying about \$89 billion. There are those who would tell you that you could do this with \$45 billion if you can deal with some of the waste and fraud, which CBO and others will not score. A GAO study that was done said you could basically achieve the savings if we would just make this program run more efficiently. Whether you believe the \$45 billion or \$60 billion or \$89 billion, no one will tell you—no one—that \$270 billion in cuts in the Medicare Program is necessary. Yet, that is exactly the plan being put together as we sit here. It is not a plan done in the light of day, but done with one day of hearings, with a bunch of people writing this gathered in rooms where you cannot find them. They are leaking this out bit by bit with vagaries and never getting into the details.

I do not think people ought to stand for that. Whether you agree or disagree, it is fundamental that we have a full-blown discussion of what we are likely to do here with a plan that is going to affect that many millions of people—people who are not in a great position to defend themselves.

Let me share with my colleagues what we are talking about here and who these beneficiaries are. The vast majority of our beneficiaries are not well-off people. I, for instance, have long supported the idea of means testing Medicare. I do not find that to be any great revolutionary idea. I am talking about incomes of \$75,000 or \$150,000.

I quickly point out, Mr. President, that the savings there are relatively modest when you look at the overall amount of cuts that are being talked about. Lest anyone thinks that the money could be saved by excluding the wealthy, let us take a quick look at

the numbers. Ninety-seven percent of Medicare expenditures go to individuals with incomes of \$50,000 or less; 97 percent go to people with \$50,000 or less. Seventy-eight percent of Medicare beneficiaries have an income of less than \$25,000 a year. The median income for a woman of 65 years of age or over is \$8,500 a year. In fact, the median income is \$17,000. And almost 9 million of the 37 million of Medicare recipients have incomes of less than \$10,000 a year.

So when we start talking about \$270 billion in cuts and premium increases, and the like, remember who we are talking about here. We are not talking about affluent Americans. We are talking about people who, in some cases, are in the most difficult positions, financially, in the country. If not just them, we are talking about their families, who will have to bear the burden of handling these costs.

It has been a very successful program. Yes, it has problems and you have to treat and work on some of the costs associated with it. But it has been a tremendously successful program. If you look here on the chart, Mr. President, in 1959, only 46 percent of our seniors have health care coverage. That was before Medicare. Since 1965, seniors with health care has now risen to 99 percent.

I do not think we can underestimate the value of that to people, not just in terms of their health—as everybody knows, when you get older, you will face medical problems—but financially what it means to people and their families as well.

There was significant opposition to this program. This did not go through like some of the issues around here. It was debated and voted on three different times in 1965 before it became the law of the land. And 93 percent of those now in the majority at that time voted against this program in 1965. I think most of those people today would agree that this has been a very good program, indeed, and it has made a substantial difference in people's lives.

So I think it is in our critical interest that we at least—when you are talking about a \$270 billion cut in this program over 7 years—understand what the implications are, what happens—not those who make \$75,000 for an individual or \$125,000 a year for couples—but for the woman making \$8,500 a year, as so many are, or the 9 million who make less than \$10,000 a year, or 50 percent of the entire population of Medicare recipients who make less than \$17,000 a year. Today, they are paying about \$3,000 in out-of-pocket of expenses. We are looking at a proposal—and, again, we do not have the details of all of this yet. But according to those who have seen the numbers, we are talking about an increase of maybe \$2,700.

I ask unanimous consent to have 5 additional minutes on this. I see my colleague from Rhode Island here.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DODD. Mr. President, we are talking here about people in that income category. The estimates are that we could be looking at an increase in Medicare out-of-pocket costs of some \$2,700. Now, you can cut that down on a daily figure, and so forth. But if you are in that \$17,000 or \$20,000 range, putting aside the \$8,500, that is a tremendous additional cost to people in that particular income category.

Mr. CHAFEE. I wonder if the Senator will yield for a question.

Mr. DODD. Quickly, if I can. I only have 5 minutes.

Mr. CHAFEE. I am the only one here. If you want to have more time, as far as I am concerned, you can add my question time on. Where did you get this figure about a \$1,700 increase?

Mr. DODD. Those are the figures that have been in the House proposals.

Mr. CHAFEE. Let us not talk about the House. We are in the Senate. The Senate bill was announced today. The part B premium of 31.5 percent is going to stay at 31.5 percent. Is it going to go up with inflation? Yes. Thirty-one and a half percent of the cost will remain at 31.5. Is it going to stay exactly the same dollar figure as last year or 2 years ago? No. But under any administration, Democrat or Republican, it will increase.

Now, the second part is about the deductible. There is no increase in the copayments. They remain exactly the same, at the 20 percent. On the increase in the deductibles, over the years with inflation, the deductibles have gone up. Under this program, they would go from \$100 to \$150. That is certainly no \$1,700.

Mr. DODD. I say to my colleague, not \$1,700, but \$2,700, which in the House plan.

Mr. CHAFEE. Then that is even more inaccurate.

Mr. DODD. No it is not.

Mr. CHAFEE. If you want to talk about the persons in the upper categories—

Mr. DODD. I am not the guy you want to ask. The person you want to ask the question to is the Speaker of the House and members of the Ways and Means Committee, who are putting the plan together. The Senate may decide it wants to go to something else. I have not seen the Senate proposals. I know what the Speaker and Ways and Means Committee are saying.

Mr. CHAFEE. We happen to be in the Senate, and they announced a plan today. We do not have to debate on the floor of the Senate what the House plan is. We have a Senate plan. I happen to know what the Senate plan is, and it is not \$2,700. Now, if you are talking Jack Kent Cooke, one of the richest men in America, and if he continues taking the part B, yes, he will pay more and he jolly well ought to pay more; 75 percent of Jack Kent Cooke's medical bills are being paid by the taxpayer.

Mr. FORD. Mr. President, this is not a question and answer.

Mr. CHAFEE. It is not right.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. FORD. Mr. President, I ask unanimous consent that the Senator from Connecticut have another 5 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. FORD. Will the Senator from Connecticut yield?

Mr. DODD. Yes.

Mr. FORD. Mr. President, I am going through the Chair, as we should. Will the Senator yield for a question.

Mr. DODD. I am glad to yield to my friend.

Mr. FORD. Now, as I understand it, in the plan as we operate it today, the premium goes up only based on a COLA. So instead of being 31 percent, it is only at 28 percent. Therefore, as the COLA is increased, the other amount is increased, but it is basically at 28 percent instead of 31 percent, as our friend from Rhode Island has indicated.

Mr. DODD. Mr. President, I say to our colleague that he is absolutely correct. That is part of it.

We are talking about \$270 billion in savings, Mr. President. And to suggest that somehow you can achieve that number, and not talk about the beneficiaries being affected, is exactly the kind of problem we get into here. Of course, it is going to cost. What I find even more disturbing about this, Mr. President, is the fact that we are looking here at a \$245 billion tax break occurring simultaneously.

By the way, this tax break was higher originally. We were talking about \$260 billion to \$270 billion in a tax break earlier. They pared it back to \$245 billion.

Is it not coincidental that the size of the Medicare cut and the size of the tax break almost match up dollar for dollar?

Now the tax break has been reduced a bit here, but nonetheless it seems quite obvious to this Senator how we pay for that tax break. That tax break is paid for, it seems to me, by the cut in Medicare.

In the cuts, and again watching this plan dribble out, not a single penny in the proposals being proposed in the House of Representatives actually go to the trust fund. Not a penny of it.

Here we are talking about this great problem with the trust fund and instead of dedicating the resources to the trust fund to put it in better shape we talk about dollars going here.

Mr. CHAFEE. I wonder if the Senator would yield?

Mr. DODD. I will complete my 5 minutes and my colleague can ask for 5 minutes to proceed.

Mr. President, 51.5 percent of the tax break proposed by the Republican plan goes to people making over \$100,000 a year. Mr. President, that is a fact. Cut that any way you want, but that is the income level.

Watch down here in the zero to \$30,000 category, they get 4.8 percent; people making 30,000 to \$50,000, 11.6 percent; and it breaks down to 16 and 15 percent.

I am not objecting even to the idea of having some tax proposals. My view is to postpone these. I put them aside because I think deficit reduction is a completely legitimate issue and we ought to focus on it.

If you want a deficit reduction, take this idea, put it on the table for a couple of years and then look at the Medicare issue for really what it is, instead of coming up with a phony number here that basically in my view, and as it appears to those who have looked at this, satisfies the needs of a tax break proposal.

That is what this amounts to. There will be squawking, a lot of hemming and hawing, but if this were truly a decent and fair plan we would have more than 1 day of hearings. We would not try and have a stealth program that comes in and all of a sudden is sprung on this body.

I know what will happen. We will have one vote under the reconciliation that will be lumped together. We will have little or no chance to amend it, change it or offer different ideas, in the single largest transfer of wealth in the history of the United States.

Frankly, Mr. President, I do not think people will stand for it. I believe when people know more about this, and they will want to know more about it, they will not be satisfied with one day of hearings, with an idea of wrapping this all together, minimize the kind of political confrontation people will have to deal with here if they are going to address this issue.

As I said at the outset of these remarks, I am more than happy to take a look at what needs to be done with Medicare, more than happy. I have advocated means testing for more than a decade on this program. I will not take a back seat to anyone in that area.

The suggestion that \$270 billion is necessary here when none of the resources go to that trust fund I find less than genuine when it comes to trying to deal with the issue of the Nation's health care needs.

Let me go back and remind our colleagues here. Consider where we were, and consider the history of this. In 1959 only 46 percent, less than half the population of seniors had health care. Today we are getting almost universal coverage.

There are those that have been hostile to this program from day one and have disagreed with it. I am not opposed to the idea of coming up with ways in which people can participate in their own financial and health security down the road. I think that is a good idea. That is not going to work for everyone.

To say you will have that as a substitute for Medicare is to be terribly naive, in my view, about what needs to be done to satisfy the needs of people in this category.

While we are talking about the 37 million who are the Medicare recipients, remember it is their children and their families who also are affected. There are people out there today who are trying to meet the needs of two generations, their own children as well as their parents, so this burden just does not fall on those in the category of retirement age. These people are trying to plan for educational needs, their children, their mortgages, rent, and food. While some say \$1,700 or \$2,700 does not amount to much—\$21 a week, that is part of the problem here. We are so out of touch in terms of the economic realities of what millions of Americans face every day, we do not think it is much anymore. Go home and listen to your people. They will tell you that it is. They ought to at least be given the common decency of a review of what is about to be done to them, more than one day of hearings. I hope that will be the case.

I yield the floor.

Mr. CHAFEE. Mr. President, I want to correct a few inaccuracies that were in the statement of the distinguished Senator from Connecticut. I am confident that these were unintentional, but they were delivered with considerable vigor so I think I might take this opportunity to rebut them.

The Senator from Connecticut said not one penny from these savings in Medicare go into the trust fund. That just plain is not so.

Every single nickel, every single penny saved under the part A, the reduction in the payments to the hospitals, the reductions in the payments to the other providers, the providers dealing with the hospitals' side, all go into what is known as the hospital insurance fund, or part A.

Every single penny—I am not sure of the exact amount in billions of dollars, but of the total \$270 billion, a very substantial, I will not say half, but I suspect close to half will go into that part A hospital insurance trust fund.

When the Senator says with all the vigor he can muster that none of that is going into the trust fund, that just plain is not right.

Now, second, the Senator says 51 percent of the tax cuts are going to the rich. That is a very interesting statement because in the Senate we do not have any idea what the tax cuts are going to be.

All that we have done in the Senate is to say that up to \$240 billion of tax cuts can take place. That means there could be zero, there could be \$1 or there could be \$240 billion. No one has said so far—the Finance Committee that deals with the tax cuts has not come up with any proposals dealing with what the tax cuts will be.

Some say they want \$500 credit for every child. Now, if that is adopted, no one is suggesting that 51 percent of that is going to the rich people. Every taxpayer, even taxpayers who pay \$501 will get a \$500 credit, so they pay \$1 in taxes.

Indeed, the person who pays less than that, I presume would not only get a refund but get some kind of an income tax credit in addition to the regular \$500 credit.

Who knows what we will adopt? Knowing how legislative bodies are, I suspect that we will go right up to the \$240 billion. No one has decided that yet. No meetings of the Finance Committee have taken place in connection with taxes. No decisions have been made. It is total nonsense to say that 51 percent of the tax cut is going to the rich under any Senate plan.

ORDERS FOR MONDAY, SEPTEMBER 25, 1995

Mr. CHAFEE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 2 p.m. on Monday, September 25; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 3 p.m., with the Senators to speak for up to 5 minutes each with the exception of the following:

Senator BENNETT for up to 45 minutes; Senator DORGAN for up to 15 minutes.

I further ask that following morning business at 3 o'clock, the Senate begin consideration of H.R. 2099, the VA-HUD appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. CHAFEE. For the information of all Senators at 3 p.m. on Monday, the Senate will begin consideration of VA-HUD appropriations bill. The managers of that bill have indicated that Senator BUMPERS is prepared to offer his amendment on the space station on Monday. The majority leader has indicated that any other Member who is intending to offer an amendment to VA-HUD appropriations bill should be prepared to offer that amendment on Monday, so the Senate may complete action on the bill at the earliest possible time.

In addition, the majority leader has indicated there will be no rollcall votes on Monday, and any votes ordered in connection with the HUD-VA bill would be postponed until after the weekly party luncheons on Tuesday.

NATIONAL HIGHWAY SYSTEM DESIGNATION ACT OF 1995

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the House message to accompany S. 440,

the national highway bill, that the Senate move to disagree with the House amendments and agree to a request for a conference, the Chair be authorized to appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The motion was agreed to, and the Presiding Officer appointed Mr. WARNER, Mr. CHAFEE, Mr. SMITH, Mr. KEMPTHORNE, Mr. BAUCUS, Mr. MOYNIHAN, Mr. REID and from the Committee on Commerce, Science and Transportation, solely for matters within their jurisdiction, Mr. PRESSLER, Mr. LOTT, and Mr. HOLLINGS conferees on the part of the Senate.

ORDER FOR ADJOURNMENT

Mr. CHAFEE. Mr. President, if there is no further business to come before the Senate, I now ask the Senate stand in adjournment under the previous order, following the remarks of Senator BYRD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Now, Mr. President, we have the opportunity to hear the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank my friend, the distinguished Senator from Rhode Island [Mr. CHAFEE] for his courtesy.

Mr. President, I want to be very observant of the rules of comity that exist between the Senate and the House. And, so, I seek never to call the name of a Member of the other body. I think the rules of comity are very important and I hope never to violate them.

However, Mr. President, I cannot allow the recent comments made by a Member of the other body, regarding a possible government-wide default, to go unanswered. Both the Washington Post and the New York Times today contain articles that suggest that a leading Member of the other body is willing to put the United States into default in order to coerce the President of the United States into swallowing a set of budget proposals that large segments of the public and the Congress consider to be extreme.

A Member of the other body has reportedly stated, "I don't care what the price is," and is also quoted as saying that he does "not care if we have no executive offices and no bonds for 60 days—not this time." He has further stated that he would use his office to prevent a vote to increase the debt limit until the President agrees to his proposals for balancing the budget.

That Member may not care, Mr. President, but I do. I care very deeply about the welfare of the United States and the people of the United States. This kind of arrogant brinkmanship can do irreparable damage to the United States, to its creditworthiness, and to its international standing. It could

have long-lasting effects on the world stock and bond markets, with unseen ramifications for U.S. interests around the world. That is very careless—careless talk, Mr. President.

With each passing day, we climb ever closer to the \$4.9 trillion ceiling on Federal debt imposed by Congress in 1993. We may hit that ceiling as early as the end of October, or as late as mid-November, but hit it we will, as sure as I am standing here today, unless action is taken soon to increase that limit. In the first 5 days of November, the Government must pay \$50 billion in Social Security benefits, Medicare, and active-duty military pay. On November 15, some \$25 billion in interest payments will be due on interest payments on the debt. Without an increase of the debt ceiling, the Government may be able to limp along until these payments are due, but no amount of accounting legerdemain will cover these large payments. Without an increase in the Government's ability to borrow, Government checks would not be honored. For the first time in history—we have been talking about history here today—the United States would default. It is almost inconceivable for me to imagine the Government of the United States bouncing a check, but that stark possibility looks us right in the face.

A Government default is not something to be taken lightly, as the author of the reported remarks seems to feel. This is a very, very serious issue. It does not just mean that "executive offices" might be shut for 60 days. It does not just mean that there will be "no bonds" for 60 days. It is far more devastating than that glib picture would imply. The Congressional Research Service paints a far darker scenario. Let me quote the CRS report:

It is difficult to describe the extent of the problems the Government would face if the debt limit were not increased when needed. Under current Federal borrowing needs (for 1996), the effect would be similar to a 10 percent reduction in spending with no preplanning and uncertain authority to rank activities by importance. From past experience, most non-essential operations of the Government could be shut down. Most Federal employees might be sent home. National parks and monuments could close. Regulatory activities could cease. Discretionary Federal activities would probably be cut back as much as possible so that mandatory activities could be paid for. Depending on how long the situation lasted, employees, and eventually beneficiaries, could stop receiving checks from the Government. Government bondholders might not receive their interest payments. Federal construction projects could stop. Payments to State and local governments could stop. Federal contractors could find their payments delayed or missed. Through its reach into all parts of society, the disruption of Federal activities could spread over the entire country.

Mr. President, this comes from the CRS Issue Brief entitled "The Debt Limit," updated August 10, 1995, by Philip D. Winters, Economics Division. So, Mr. President:

Payments to State and local governments could stop. Federal contractors could find